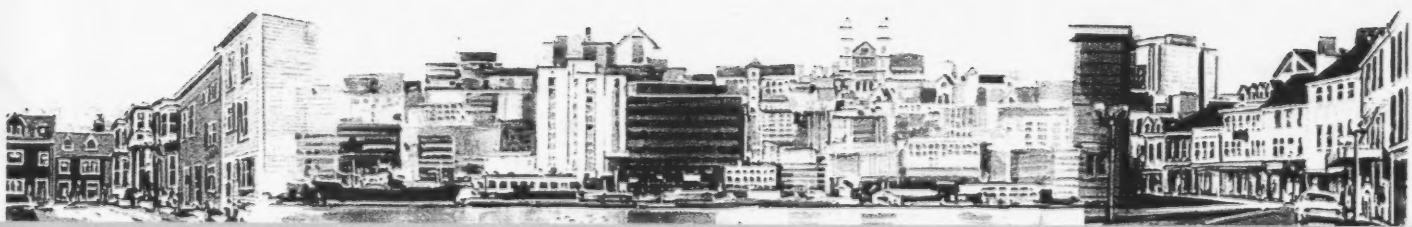
Consolidated Financial Statements
2012



ST. JOHN'S

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INTRODUCTION

These documents comprise the City of St. John's financial reporting for the fiscal year ended December 31, 2012.

The Consolidated Financial Statements are the primary document, however much additional detail and explanation is provided in the "Financial Statement Discussion and Analysis" which should be read in conjunction with the Consolidated Financial Statements for a full understanding of the City's financial operations in 2012 and its financial position at December 31, 2012.

FINANCIAL STATEMENT

DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2012

I am pleased to present the City of St. John's (the "City") 2012 Annual Financial Report, which has been prepared by the management of the City. This Report for 2012 demonstrates the progress the City has made in working towards the highest standards of performance measurement, accountability, transparency, and service delivery.

The discussion and analysis of the financial performance of the City should be read in conjunction with the audited consolidated financial statements and their accompanying notes and schedules, which are prepared in accordance with Canadian generally accepted accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The Consolidated Financial Statements of the City (the "Statements") provide information about the economic resources, obligations and accumulated surplus of the City. They include the City's operating departments, as well as City agencies such as the St. John's Transportation Commission, the City of St. John's Non-Profit Housing Fund, St. John's Sports & Entertainment Ltd. and the Railway Coastal Museum. A brief description of the City's major funds and agencies follows.

The City's Sinking Fund contains the principal payments on the City's debenture financed long term debt, as well as the income earned on those payments. The City uses 20 year Sinking Fund bond issues to finance most capital borrowing. Under the terms of those bonds the City pays interest on the principal to the issuer semi-annually and at the same time pays a set percentage (typically 2.5% per annum) of the principal into the Sinking Fund. The money in this Fund is then invested in financial instruments authorized under the Trustee Act in order to safely accumulate the funds required to repay the lender on maturity.

The City's Non-Profit Housing Fund owns rental properties in projects located around the City. The properties were financed and constructed in conjunction with the Canada Mortgage and Housing Corporation, however the City is fully responsible for managing and maintaining the properties, which are financed by mortgages paid out of the rental revenue. The Province of Newfoundland and Labrador provides support for these projects through annual operating grants. In 2012 the City entered into agreements with the Federal and Provincial governments for the construction of additional units in Pleasantville.

The St. John's Transportation Commission, which operates as Metrobus, is a City agency overseen by seven Commissioners appointed by Council, of whom two are elected Councillors. The Commission has its own management and staff and operates independently. It receives an operating subsidy from the City and its annual budget as approved by the Commission is presented to and approved by the City.

St. John's Sports & Entertainment Ltd. ("SJSEL") is a corporation without share capital, incorporated by the City to own and operate Mile One Centre and the St.

John's Convention Centre. The nine person Board of Directors is appointed by Council and includes one elected City Councillor and two City staff as ex-officio non-voting members. Similar to the Transportation Commission, SJSEL receives an operating subsidy from the City and its annual budget as approved by the Board, is also presented to and approved by the City.

The Railway Coastal Museum is operated by the Newfoundland Railway Coastal Museum Foundation Inc. The Foundation is a registered charity however it is considered to be controlled by the City of St. John's because the Chair and three members of the seven member Board of Directors are appointed by the City. The remaining three members are appointed by the C.N. Pensioners Association. The Foundation owns the former C.N. Railway Station in St. John's and adjacent property and operates a museum on site. The City rents the upper storeys of the former station building for the City Archives at an annual rent of $ 137,640.

Separate financial statements are prepared annually for the Non-Profit Housing Fund, the St. John's Transportation Commission and St. John's Sports & Entertainment Ltd.

In addition, separate financial statements are prepared for the St. John's Regional Fire Department, the St. John's Regional Water Supply System, the St. John's Wastewater System, and the Robin Hood Bay Regional Waste Management Facility. All of these regional services are owned and operated by the City of St. John's and their operations are included in the City's Consolidated Financial Statements. The actual cost of operations is allocated to all users of the services which include several other municipalities in the Eastern Region of the Province, as well as commercial users. Those costs billed out to the other municipalities and to commercial users are included as revenue under "Sales of Goods and Services".

The City's 2012 Consolidated Financial Statements include restated 2011 Consolidated Financial Statements (see Note 2 to the Consolidated Financial Statements) which correct an error in the December 31, 2009 pension valuation and pick up the tangible capital assets of the Newfoundland Railway Coastal Museum Foundation Inc. The comparative numbers cited throughout this document include the effects, if any, of the restatement.

OPERATING RESULTS

The Consolidated Statement of Operations and Accumulated Surplus reports the City's economic resources, obligations and accumulated surplus, on a comparative basis. The annual revenues exceeded expenditures resulting in an increase in accumulated surplus. In 2012, the City recorded consolidated revenues of $298.92 million (2011 - $280.56 million), an increase of 6.5% over 2011. Consolidated expenditures totalled $246.53 million in 2012 (2011 - $239.54 million), resulting in an increase in accumulated surplus of $52.39 million.

CONSOLIDATED REVENUES
For the years ended December 31 (in thousands of dollars)

	2012		2011 (As Restated)		Change
Taxation	164,971	55%	160,537	57%	4,434
Grants in lieu of taxes	4,329	1%	4,244	2%	85
Grants and transfers	63,674	21%	57,016	20%	6,658
Sales of goods and services	42,161	14%	38,618	14%	3,543
Other revenue from own sources	23,784	8%	20,146	7%	3,638
	298,919		280,561		18,358

Details of the types of revenue making up the broad categories shown in the Consolidated Statement of Operations and Accumulated Surplus can be found in Schedule 5, beginning on Page 27 of the Consolidated Financial Statements.

Overall revenues increased by approximately $18.36 million from 2011 to 2012 with the increase spread across most revenue categories. Taxation increased by approximately $4.4 million with the increase split almost evenly from property taxes and water tax. The increases in property tax were entirely the result of increases in the taxation base as neither rates nor assessed values changed in 2012. Water tax on the other hand increased partially as a result of a 6% increase in rates to cover increased water and sewer operating costs.

Grants in lieu of taxes increased slightly because of the increase in Water Tax rates also being applied to the Water Tax grant (in lieu of tax) from the Provincial government for provincially owned properties such as Memorial University, schools and hospitals, which are not metered. Provincially owned properties such as the Confederation Building which are metered, are charged the commercial rate for water

Grants and transfers consist mainly of grants from other governments and are mainly for capital expenditures rather than operating expenditures. Capital grants tend to rise and fall depending on the capital grants programs provided by the Federal and Provincial governments. In 2012 the total "Grants and Transfers" revenue category increased by $6.7 million but included a $6.7 decrease in the Municipal Capital Grant from the Provincial government as the Province scaled back capital funding to municipalities in 2011 and 2012. Offsetting this, is the recognition as revenue under current accounting standards for local governments, of the value of infrastructure transferred to the City from the developers of both residential and commercial subdivisions. This includes in-ground infrastructure such as water and sewer pipes, as well as the land underlying streets and sidewalks and the streets and sidewalks constructed on the land. This increased by $8.4 million over 2011 and is more evidence of the City's growth.

Sales of goods and services is a revenue category that takes in such things as commercial water sales, cost recoveries from other municipalities for regional

services as well as the consolidation of revenues from St. John's Sports & Entertainment Ltd. (Mile One Centre and the St. John's Convention Centre) and the Railway Coastal Museum. The major increases here were on cost recoveries on Regional Water and increased revenues for St. John's Sports & Entertainment Ltd., largely attributable to increased revenues from several major entertainment events as well as the revenues (primarily food and beverage related) derived from the first full year of AHL operations in Mile One Centre.

"Other revenue from own sources" is a category of revenue derived from direct City operations. Major sources of revenue include interest, fines, permits and all of the revenue generated by Metrobus. Permits as a result of new development and increased Metrobus passenger fares (2011 saw a lengthy strike with no transit service) were the main contributions to a $3.6 million increase in the category.

CONSOLIDATED EXPENSES
For the years ended December 31 (in thousands of dollars)

	2012		2011 (As Restated)		Change
General government services	45,416	18%	42,481	18%	2,935
Fiscal services	18,081	7%	18,553	8%	(472)
Transportation services	49,937	20%	46,463	19%	3,474
Protective services	29,602	12%	30,443	13%	(841)
Environmental health services	37,620	15%	36,702	15%	918
Recreation and cultural services	28,275	11%	29,128	12%	(853)
Environmental development services	5,370	2%	5,368	2%	2
Amortization and allowances	32,228	13%	30,399	13%	1,829
	246,529		239,537		6,992

Consolidated expenditures totalled $246.53 million in 2012 (2011 - $239.54 million), an increase of $6.99 million over 2011. The rising expenditure was primarily owing to increases in expenses in general government services (up by $2.94 million), transportation services ($3.47 million), and amortization and allowances ($1.83 million).

Details of the expenditures making up the broad categories shown in the Consolidated Statement of Operations and Accumulated Surplus can be found in Schedule 6, beginning on Page 29 of the Consolidated Financial Statements.

General government services include the cost of the Mayor and Councillors" offices, general administration including the Finance, Human Resources and Corporate Services Departments, as well as maintenance of City buildings. The $1.56 million increase in general government is attributable to a wide range of escalating costs including employee compensation and increased technology costs. The other significant increase in this category is in Pensions and Employee Benefits as the City increased its contributions to the City pension plans.

Transportation services include road transport, street lighting, the St. John's Transportation Commission and Para-Transit System, and parking meters. The major cost increase compared to 2011 was in public transit, as shown in Schedule 5 to the Consolidated Financial Statements. This is a result of Metrobus operating for the full 2012 calendar year rather than the reduced operation resulting from the labour dispute in 2011.

Recreation and cultural services decreased by $853,000 compared to 2011. This category takes in the operations of the City's Recreation Department, the Parks Division of the Public Works and Parks Department, the operations of St. John's Sports & Entertainment Ltd. (Mile One Centre and the St. John's Convention Centre), as well as other recreational and cultural services. While there are increases in recorded expenditures in this category for 2012 there are significant decreases as well in Parks and in Recreation both related to large capital contributions in 2011. It should be noted that the increase in expenditures for St. John's Sports & Entertainment Ltd. covers all the operating expenses for that organization for the year, just as all the revenue for SJSE is shown under revenues in Schedule 5 under "Sales of goods and services". The significant increase is, like the increase in St. John's Sports & Entertainment Ltd. revenues, attributable to major entertainment events and a full year of AHL hockey operations.

Amortization and allowances include provisions for uncollectible accounts, provision for obsolete inventory, loss on disposal of tangible capital assets and amortization. Amortization of assets rose by $2.54 million from the previous year and was primarily responsible for the increase in expenses under this category. Amortization is a charge to operating expenses in each year of a portion of the capitalized cost of fixed assets. The purpose of this amortization is to allocate the cost of tangible capital assets to all the years the assets are used in City operations rather than just in the year acquired or in which capital expenditures were made. Note 5 and Schedule 1 of the Consolidated Financial Statements provide more details on the City's tangible assets.

REGIONAL SERVICES

The City of St. John's provides extensive services to neighbouring municipalities as well as to its own taxpayers. These services are shared and governed on a variety of bases ranging from Provincial legislation to mutual agreement. The services provided include the treatment and supply of water, treatment and disposition of wastewater, fire protection, public transit and solid waste management. Separate audited financial statements are prepared for each regional service however all the revenues and expenses of the regional services are included in the City's audited consolidated financial statements.

Regional Water

In addition to water reservoirs and treatment plants at Windsor Lake and Petty Harbour-Long Pond (still under construction) which serve only the City of St.

John's, the City owns and operates the reservoir and water treatment plant at Bay Bulls Big Pond which provides water to the City of Mount Pearl and the towns of Paradise, Portugal Cove-St. Philips and Conception Bay South, as well as the western portion of St. John's. All operating costs are billed out to the participating municipalities on a cost recovery basis, adjusted annually on a cost per cubic metre used basis.

Regional Fire Services

The St. John's Regional Fire Department is responsible for fire protection and fire fighting in St. John's, Mount Pearl, Paradise and Petty Harbour-Maddox Cove. In addition, the Fire Department has agreements in place to respond to fire events as requested by officials in other neighbouring municipalities. For this service these municipalities pay an annual retainer and hourly-based fees for any services actually required.

Public Transit

Public Transit is not strictly a regional service under the same criteria as the other services described here as the St. John's Transportation Commission, operating as Metrobus, is responsible only to the City of St. John's but does provide a limited service on a fee-for-service basis to the City of Mount Pearl. Similar arrangements apply to the City's Para-Transit Service with each participating municipality, as well as Provincial government agencies, paying for their own services provided on a negotiated basis with the contracted service provider, MVT Canadian Bus, Inc.

Wastewater

The City of St. John's, the City of Mount Pearl and the Town of Paradise participated in the capital and participate in the operating costs of the Riverhead Sewage Treatment Plant. The net operating costs are allocated annually to each municipality in accordance with the metered flows attributed to each.

Solid Waste Management

The City has owned and operated the Robin Hood Bay Waste Management Facility for many years and provided a waste disposal service for the City, surrounding municipalities and commercial operations. In 2007 the Provincial government decided that Robin Hood Bay would be the solid waste management facility for the entire Avalon Peninsula, and possibly some adjacent areas. Working with the Eastern Regional Services Board (operating as Eastern Waste Management) the City operates the Robin Hood Bay facility on a cost recovery basis with any surpluses or deficits incurred on annual operations carried forward into the calculation of the per ton tipping fees charged for waste disposal. The Robin Hood Bay facility continues to be owned and operated by the City and the City has 50% of the positions on the Board of Directors of the Eastern Regional Services Board.

Summary of Regional Operations

SUMMARY OF REGIONAL SERVICES OPERATIONS
(for the year ended December 31, 2012)

	Gross Expenditure	Recoveries From Third Parties	Net Cost to City
Regional Water Treatment and Supply	$ 7,946,003	$ 4,177,910	$ 3,768,093
Regional Fire Services	23,839,154	5,266,626	18,572,528
Regional Wastewater Treatment	6,128,174	337,546	5,790,628
Regional Solid Waste Management	10,258,696	8,340,042	1,918,654
Total Regional Operations	$ 48,172,027	$ 18,122,124	$ 30,049,903

FINANCIAL POSITION

The Consolidated Statement of Financial Position reports the City's financial and non-financial assets and liabilities, and accumulated surplus as at December 31, 2012, on a comparative basis to the restated results for 2011. This statement, read in conjunction with the referenced notes, is used to evaluate the City's ability to finance its operations and to meet its obligations and commitments. The accumulated surplus, which represents the net assets of the City, is one of the key indicators on the Consolidated Statement of Financial Position. The annual change in the accumulated surplus is equal to the yearly excess of revenues over expenses for the year, which was $52.39 million in 2012. This increase in surplus is primarily attributable to the capital contributions from other levels of government and from developers, which must be recorded as revenue in the year received. As previously discussed, additional operating revenues were generated by increases in sales of goods and services, grants and transfers, and earnings from taxation.

As shown in Note 13 to the Consolidated Financial Statements the accumulated surplus from past revenues and contributions has been used to create reserves (appropriated surplus) under various accounts/projects. The majority of these reserves are earmarked for future capital expenditures and for stabilizing significant variances in operating expenditures and revenue levels from year to year. In 2012, the City's reserve balances increased overall by $7.2 million over the previous year. Sinking fund reserve for retirement of debentures accounted for the largest amount under reserve, which increased (net of a debenture retirement of $11,000,000) by $1.63 million in 2012.

Some of the important items in the Consolidated Statement of Financial Position are discussed in the following section.

CASH & CASH EQUIVALENTS

Cash and cash equivalents decreased slightly by $1.53 million in 2012 with the biggest change being in the Public Transit Fund as it declined from over $4.4 million as construction continued on the new Metrobus Depot. Other significant items under the cash and cash equivalent account includes accommodation tax,

advance payments from developers, and the replacement reserve fund for the City's non-profit housing projects. The amount reserved for closure and post-closure costs at the Robin Hood Bay Waste Management Facility increased to $4.67 million in 2012 while a further $430,000 has been set aside for equipment replacement at Robin Hood Bay. These monies are collected as part of the tipping fees paid by all users of the Facility. This item is explained in detail in Note 17 to the consolidated financial statements.

SHORT TERM INVESTMENTS

Short term investments amounted to $14.25 million in 2011 but these funds were on hand only because the City borrowed $70 million in 2011 to refinance various capital works projects which had not been completed to the point of payment in 2011. This balance declined to zero through 2012 as these projects were completed.

ACCOUNTS RECEIVABLE

The current portion of accounts receivable increased by $2.0 million in 2012 over 2011, partly because of an increase in receivables from other governments, the vast majority of which consists of capital costs incurred under cost-sharing programs. At the same time other current accounts receivable decreased by almost $1.1 million to $10.28 million. This category includes receivables from a wide variety of sources including other municipalities, commercial water users and tipping fees.

Accounts receivable – long term consists mainly of amounts receivable from the provincial government for funds borrowed to finance the provincial share of cost shared capital projects. Accounts receivable – long term declined by a further $5.49 million as the Provincial Government continues paying off its share of older loans and pays its share of cost-shared projects out of its own current revenues.

PORTFOLIO INVESTMENTS

Portfolio investments (sinking funds) increased by $12.63 million in 2012 from the previous year and were reduced by $11 million as funds were used to repay a matured debenture, leaving a net increase for the year of $1.63 million. Sinking funds are established under the terms of the City's Debenture debt borrowings and are used to accumulate the principle payments required each year. These typically consist of payments of 2.5% of the originally borrowed amount of each bond issue per year, plus the income earned as these amounts are invested. This process ensures that sufficient funds are on hand to pay off the bonds (debentures) on maturity. The total amount of the Sinking Funds must be offset against the Debenture debt total to provide the net debt outstanding at year end.

PAYABLES & ACCRUALS

The payables and accruals consist of deposits and prepayments, trade, accrued interest, and obligations to other governments. The substantial increase of $5.66

million at year end is almost entirely attributable to capital works projects paid for subsequent to year end.

DEBT

The City has two major types of debt obligations—debenture debt and long-term debt. The largest debt component is the sinking fund debentures, which totalled $275.50 million as at December 31, 2012 (see Schedule 2 to the consolidated financial statements). The annual requirements until 2017, relating to sinking funds (less debt charges recoverable from the Province of Newfoundland and Labrador), range from $5.78 million down to $5.43 million as older bonds mature. The long-term debt consists of various mortgages and other loans including those for urban living non-profit housing, sewage treatment plants, and other capital projects. The City's net debt payable at the end of December 2012 is $196.60 million, as summarized in the table below.

DEBT
(for the years ended December 31)

	2012	2011	Change
Debenture debt	275,500,000	286,500,000	(11,000,000)
Long term debt	34,587,915	37,447,114	(2,859,199)
	310,087,915	323,947,114	(13,859,199)
Less: Accounts receivable - long term	36,206,506	41,654,772	(5,448,266)
Portfolio investments (Sinking Funds)	77,277,098	75,642,202	1,634,896
Net debt payable	196,604,311	206,650,140	(10,045,829)

EMPLOYEE BENEFITS

The City provides pension, sick leave, and severance pay benefit plans for qualifying employees. The cost of these plans is actuarially determined each year, based on best estimates of a number of assumptions. Past experience and future economic and investment outlook lay the foundation for the assumptions; hence, future uncertainty may derail some of the projections. Variance between actual experience and assumptions (and revisions in assumptions) will almost certainly lead to adjustments in pension, severance, and/or sick leave benefit expenses in future. Some important assumptions relate to such factors as the long-term expected rate of return on plan assets, inflation, increase in salaries, discount (interest) rates, and employee related factors such as retirement age, mortality, turnover, used sick leave, etc.

The City contributes to a defined benefit pension plan for employees as well as to a supplementary retirement plan for the members of Council, both providing benefits based on length of service and average annual income. The consolidated financial statements also incorporate the two pension plans in place for the St. John's Transportation Commission (see Note 11). The aggregate employee benefits obligation increased to $147.74 million at December 31, 2012 compared to $132.89 million at December 31, 2011. The largest amount, explained in more detail in Note 12, is for post employment health and life insurance benefits, which is the current calculation of the future cost of paying

the premiums for these benefits for current employees after their retirement. This is an extrapolation with no funding required on a current basis.

As disclosed in Note 11 to the Consolidated Financial Statements, the required triennial actuarial valuation of the City's employee pension plan was completed as of December 31, 2012. The actuarial valuation produced reported pension plan liabilities of $261,748,000 versus plan assets of $179,249,502, leaving a going concern funding deficiency of $82,498,498, up from the extrapolated deficiency at December 31, 2011 of $63,813,663. The reasons for the significant increase in pension fund liabilities include low investment returns since 2008, low interest rates, which boost actuarial liabilities, new mortality tables which reflect the fact that people are living longer and plan provisions which allow for early retirements with unreduced pensions.

The impacts of the valuation include higher special payments of $8 million per year in each of the next three years and higher employer contributions for current service. The City has undertaken a project to put the employee pension plan on a sustainable basis to ensure its continued existence at an affordable price.

Subsequent to year end, the Mayor and Councillors' Pension Plan was closed to new entrants and will, over time, disappear.

TANGIBLE CAPITAL ASSETS

Tangible capital assets include the City's physical assets such as land, buildings, equipment, vehicles, roads, underground networks, etc. These assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, and/or development of the assets. The cost, less estimated residual value of the assets are amortized on a straight-line basis over the assets' estimated useful lives, ranging from 5 to 100 years.

In 2012, the City made total capital investments of $155.91 million under various projects. Major outlays were in buildings and permanent improvements; equipment, vehicles and moveable plant; and in work in progress of projects from earlier years. The ending book value of the City's tangible capital assets stood at $1.105 billion as at December 31, 2012, after taking into account the impact of the restatement discussed in Note 2 to the consolidated financial statements.

FINANCIAL INDICATORS

The financial condition of the City is measured by its ability to meet its existing financial obligations to employees, creditors, and other stakeholders, while continuing to provide high quality service to the public. The City manages debts and its credit efficiently which contributes to its good credit standing.

The City was first rated by two ratings agencies in 2011; the first time the City had sought a formal credit rating. The ratings obtained were Aa2 Stable by Moody's and A+ Stable by Standard and Poors. These credit ratings enable the City to market its bonds to a larger market and provide us with better (lower)

interest rates. These ratings have been confirmed in 2012 and subsequently in 2013. Contributing factors in the favourable ratings include vigorous contract management, purchasing rules, and the financial controls in place to ensure proper financial checks and balances.

An analysis of the comparative Consolidated Financial Statements for 2012 and 2011 reveals the City's financial state. One of the key indicators of financial health is the sustainability ratio. It measures the degree to which the City can maintain its existing service and financial commitments without increasing the relative debt or tax burden on the taxpayers. A critical measure of sustainability is the assets-to-liabilities ratio. At December 31, 2012, the City had an assets-to-liabilities ratio of 2.15, a slight decline from the 2.19 figure at December 31, 2011, but still showing that the City has sufficient assets in place to cover its existing liabilities. It has to be kept in mind that much of both the assets and liabilities relate to the infrastructure required to be in place and maintained to ensure that the City has the capability and capacity to provide its mandated services. The City's financial assets-to-liabilities ratio sits at 0.33 at December 31, 2012 compared to 0.37 at December 31, 2011, a slight decrease attributable to the level of cash on hand in 2011 as discussed above. These levels are to be expected as most financial liabilities are long term debt repayable over the next twenty years.

CONSOLIDATED STATEMENT OF CASH FLOW

The Consolidated Statement of Cash Flow summarizes how the City's cash position changed during the year by highlighting the City's sources and uses of cash. The statement is useful in determining the short-term viability of the City, particularly its ability to pay bills. The statement reconciles the cash position of the City over the fiscal year ended December 31, 2012 by starting with income earned during the year, adding back amortization of tangible capital assets as well as other non-cash expenditures, adding cash provided by borrowing and other financing activities, and deducting capital expenditures and principal payments on debt. As at December 31, 2011, the City's cash position stood at $21.75 million, a small decrease of $1.5 million over the previous year. The composition of cash on hand is set out in Note 3 to the consolidated financial statements and discussed above.

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

The City relies on borrowed funds to finance some of its capital expenditures as there is a gap between capital expenditure needs and ongoing revenue sources. However, debt has remained at sustainable levels. The Consolidated Statement of Change in Net Debt reconciles the net debt of the City, year-on-year, where net debt is the City's financial assets (cash and equivalents) less financial liabilities. The statement reports on the extent to which expenditures (as opposed to expenses) in the year have been met by revenues recognized in the year. Expenditures include both payments on debt principal in the year as well as the costs of acquisition of tangible capital assets, items that require the outlay of

cash but are not considered expenses for the year. This statement essentially reports how these expenditures are financed.

In 2012, the City's net debt increased by $23.9 million (2011, increased by $9.0 million). It should be noted that the City's Long Term Debt Policy allows borrowing only for capital projects where at least 50% of the cost is borne by third parties or where there is a dedicated new source of revenue sufficient to cover the City's cost. That policy also provides that the City's total general obligation debt service (eg. paid from property tax) shall not exceed 17.5% of the City's net operating revenue. That ratio as of December 31, 2012 is at approximately 11.5%.

COMPARISON TO BUDGET

In accordance with the City of St. John's Act, the City prepares its annual budget on a cash basis rather than the full accrual basis now mandated for its annual consolidated financial statements by Canadian generally accepted accounting principles for local governments. There are many differences between the cash basis financial results derived from the cash budget and the results provided by accrual based financial statement accounting. In order to compare the City's operating results to the approved budget for 2012 we must do it on a cash basis. The following schedule provides that comparison.

CITY OF ST. JOHN'S
Cash Basis Statement of Revenue and Expenditure
Year ended December 31, 2012

	2012 Actual	2012 Budget	Variance
Revenue			
Taxation	$ 179,496,631	$ 177,850,088	$ 1,646,543
Grants from other governments	27,139,728	26,669,181	470,547
Grants in lieu of taxes	4,328,765	4,195,000	133,765
Sales of goods & services	20,729,041	17,076,895	3,652,146
Other revenue own sources	12,712,600	9,531,650	3,180,950
Other transfers	2,123,581	4,195,923	(2,072,342)
Total Revenue	246,530,346	239,518,737	7,011,609
Expenditure			
General government services	32,480,619	31,907,111	573,508
Protective services	25,987,307	27,724,489	(1,737,182)
Transportation services	45,617,480	45,829,749	(212,269)
Environmental health services	59,096,627	59,841,231	(744,604)
Environmental development services	10,726,786	10,082,870	643,916
Recreation and cultural services	18,044,802	19,221,643	(1,176,841)
Fiscal services	27,874,280	28,362,544	(488,264)
Transfers to reserves & other funds	23,001,075	16,549,100	6,451,975
Total Expenditure	242,828,976	239,518,737	3,310,239
Net cash operating surplus	3,701,370	0	3,701,370

As shown, City operations in 2012 resulted in an operating surplus of approximately $3.7 million. When this is added to the accumulated cash surplus from prior years less $10 million of surplus allocated to capital projects in 2012,

the accumulated cash surplus from operations at December 31, 2012 amounted to approximately $6.44 million.

Contributing factors in the operating surplus for 2012 were numerous positive variances in both revenues and expenditures as discussed above.

The following schedule provides a reconciliation of the City's surplus on operations as reported in the Consolidated Financial Statements to the cash basis surplus calculated in accordance with the City's approved budget.

RECONCILIATION OF OPERATING SURPLUS FROM ACCRUAL BASIS TO CASH BASIS
(for the year ended December 31, 2012)

Surplus on operations per Consolidated Financial Statements	$	52,390,236
Add:		
Gross expenditures - St. John's Transportation Commission		17,580,444
Gross expenditures - St. John's Sports & Entertainment Ltd.		9,018,989
Amortization of tangible capital assets		31,014,804
Provision for employee post-retirement benefits		14,850,046
Management expenses, Non-Profit Housing		512,340
Other - net		131,108
		125,497,967
Less:		
Gross revenues - St. John's Transportation Commission		6,111,748
Gross revenues - St. John's Sports & Entertainment Ltd.		8,695,731
Operating subsidy - St. John's Transportation Commission		10,474,020
Operating subsidy - St. John's Sports & Entertainment Ltd.		1,000,000
Capital contribution - St. John's Sports & Entertainment Ltd.		477,118
Net surplus, Non-Profit Housing		5,584,690
Interest earned, Sinking Funds		4,239,135
Principle portion of debt service		8,713,228
Contribution to capital out of revenue		21,787,931
Contribution to capital - third parties		54,712,996
		121,796,597
Surplus on operations on cash basis	$	3,701,370

WHAT THE FINANCIAL STATEMENTS MEAN

The City of St. John's prepares its annual consolidated financing statements in accordance with Canadian generally accepted accounting principles for local governments as noted above. These consolidated financial statements are therefore prepared on the full accrual basis which requires the City to, amongst other things:

(a) record capital grants from third parties, primarily the Provincial and Federal governments, as revenue in the year received;

(b) record as revenue the value of subdivision common areas transferred to the City by developers;

(c) exclude the purchase or construction cost of fixed assets from the Statement of Operations and the inclusion of amortization of those fixed assets as disclosed in Schedule 1 to the consolidated financial statements; and

(d) exclude from expenditure, payments made on the principal balances of long term debt.

Readers of these financial statements must therefore understand that the high revenues and substantial operating surpluses recorded are almost entirely attributable to the receipt and recording as revenue of capital grants and actual physical assets. The consolidated financial statements as presented indicate the following:

- the City has spent a great deal of money on the acquisition of fixed or tangible assets in recent years, primarily basic infrastructure, and has received substantial capital contributions towards those expenditures from the Federal and Provincial governments;

- the surplus which has been generated is based on tangible capital assets which are held indefinitely and used to provide services to residents. They are not for sale and are not used to directly generate revenue; and

- the City maintains a cumulative cash surplus on operations and is maintaining a good financial position.

The primary goal of a municipality's financial statements is accountability. This includes not only the basic handling of cash funds provided by tax payers and by other levels of government but also how those funds are used to ensure that the municipalities' physical assets are maintained as required, replaced as appropriate and financed responsibly. These statements are intended to provide that information to current and future readers and to provide an objective measure of the City's performance in achieving accountability for all its assets.

Robert G. Bishop, C.A.
Deputy City Manager, Financial Management

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The City of St. John's. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Consolidated Financial Statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded and that financial information produced is relevant and reliable.

Prior to their submission to Council, the Consolidated Financial Statements have been reviewed and approved by the City's Audit Committee.

Deloitte & Touche LLP, Chartered Accountants, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and Councillors and appears in the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian generally accepted accounting principles.

Robert G. Bishop, C.A.
Deputy City Manager, Financial Management

Deloitte.

Consolidated Financial Statements of

CITY OF ST. JOHN'S

December 31, 2012

CITY OF ST. JOHN'S
December 31, 2012

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Independent Auditor's Report

To His Worship the Mayor and Councillors,
City of St. John's

We have audited the accompanying consolidated financial statements of the City of St. John's which comprise the consolidated statement of financial position as at December 31, 2012 and the consolidated statement of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies, attached schedules and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of St. John's as at December 31, 2012 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants
December 16, 2013

CITY OF ST. JOHN'S

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2012

	2012	2011
	$	$ (Restated Note 2)
Revenues (Schedule 5)		
Taxation	**164,970,694**	160,536,707
Grants in lieu of taxes	**4,328,765**	4,244,585
Grants and transfers	**63,674,122**	57,015,975
Sales of goods and services	**42,161,508**	38,618,028
Other revenue from own sources	**23,783,903**	20,145,718
	298,918,992	280,561,013
Expenditures (Schedule 6)		
General government services	**45,416,201**	42,480,775
Fiscal services	**18,080,845**	18,553,373
Transportation services	**49,936,903**	46,462,759
Protective services	**29,601,834**	30,443,268
Environmental health services	**37,619,797**	36,702,236
Recreation and cultural services	**28,274,683**	29,127,604
Environmental development services	**5,370,545**	5,368,386
Amortization and allowances	**32,227,948**	30,398,709
	246,528,756	239,537,110
Excess of revenues over expenditures	**52,390,236**	41,023,903
Accumulated surplus, beginning of year (Note 2)	**708,134,628**	667,110,725
Accumulated surplus, end of year (Notes 2 and 13)	**760,524,864**	708,134,628

See accompanying notes to the consolidated financial statements

CITY OF ST. JOHN'S
Consolidated Statement of Financial Position
As at December 31, 2012

	2012	2011
	$	$ (Restated Note 2)
Financial assets		
Cash and cash equivalents (Note 3)	**21,746,064**	23,272,738
Short-term investments	**-**	14,253,025
Accounts receivable - current (Note 4)	**39,086,348**	37,091,540
Accounts receivable - long-term (Note 5)	**36,206,506**	41,654,772
Investment in rental housing projects	**308,893**	340,872
Portfolio investments (Sinking funds) (Note 13 and Schedule 2)	**77,277,098**	75,642,202
	174,624,909	192,255,149
Financial liabilities		
Payables and accruals (Note 7)	**65,186,378**	59,527,665
Employee benefits (Notes 2 and 8)	**147,737,685**	132,887,640
Deferred credits	**360,480**	600,800
Debenture debt (Note 9 and Schedule 2)	**275,500,000**	286,500,000
Long-term debt (Note 10 and Schedule 3)	**34,587,915**	37,447,114
Trust funds payable	**311,146**	421,482
	523,683,604	517,384,701
Net debt	**(349,058,695)**	(325,129,552)
Contingencies and commitments (Note 16)		
Non-financial assets		
Tangible capital assets (Note 6 and Schedule 1)	**1,105,216,140**	1,029,259,231
Inventory of materials and supplies	**2,936,177**	2,697,397
Prepaid expenditures	**1,426,190**	1,295,218
Unamortized bond discount	**5,052**	12,334
	1,109,583,559	1,033,264,180
Accumulated surplus (Note 13)	**760,524,864**	708,134,628

See accompanying notes to the consolidated financial statements

On behalf of Council

Mayor

Deputy City Manager, Financial Management

CITY OF ST. JOHN'S
Consolidated Statement of Changes in Net Debt
Year ended December 31, 2012

	2012	2011
	$	$ (Restated Note 2)
Excess of revenues over expenditures	**52,390,236**	41,023,903
Changes in tangible capital assets		
Acquisition of tangible capital assets	**(107,063,561)**	(75,825,417)
Net book value of tangible capital assets disposals/adjustments	**91,849**	23,975
Amortization of tangible capital assets	**31,014,804**	28,471,220
Increase in net book value of tangible capital assets	**(75,956,908)**	(47,330,222)
Changes in other non-financial assets		
Change in prepaid expenditures and unamortized bond discounts	**(123,691)**	82,464
Acquisition of inventory and supplies, net of usage	**(238,780)**	(59,466)
(Increase) decrease in other non-financial assets	**(362,471)**	22,998
Increase in net debt	**(23,929,143)**	(6,283,321)
Net debt, beginning of year	**(325,129,552)**	(318,846,231)
Net debt, end of year (Note 2)	**(349,058,695)**	(325,129,552)

See accompanying notes to the consolidated financial statements

CITY OF ST. JOHN'S
Consolidated Statement of Cash Flows
Year ended December 31, 2012

	2012	2011
	$	$ (Restated Note 2)
Operating transactions		
Excess of revenues over expenditures	**52,390,236**	41,023,903
Non-cash charges to operations:		
Amortization of tangible capital assets	**31,014,804**	28,471,220
Employee benefits	**14,850,046**	13,413,142
Gain on disposal of tangible capital assets	**(90,331)**	(36,390)
	98,164,755	82,871,875
Net change in other (Note 14)	**3,053,833**	(1,327,036)
	101,218,588	81,544,839
Capital transactions		
Acquisition of tangible capital assets	**(107,063,561)**	(75,825,417)
Proceeds from sale of tangible capital assets	**182,180**	60,365
	(106,881,381)	(75,765,052)
Financing transactions		
Decrease in long-term accounts receivable	**5,448,266**	5,035,375
Repayment of interim financing loan	**-**	(39,000,000)
Proceeds from debenture debt	**-**	70,000,000
Proceeds from long-term debt	**2,475,000**	-
Repayment of debenture debt	**(11,000,000)**	(9,012,000)
Repayment of long-term debt	**(5,334,199)**	(6,339,052)
(Decrease) in bank indebtedness	**-**	(11,490,127)
Other	**7,281**	12,420
	(8,403,652)	9,206,616
Investing transactions		
Increase in sinking fund investments	**(1,634,896)**	(2,217,953)
Decrease (increase) of short-term investments	**14,253,025**	(14,253,025)
(Decrease) increase in trust funds payable	**(110,336)**	3,391
Decrease in investment in rental housing projects	**31,978**	29,963
	12,539,771	(16,437,624)
Decrease in cash and cash equivalents	**(1,526,674)**	(1,451,221)
Cash and cash equivalents, beginning of year	**23,272,738**	24,723,959
Cash and cash equivalents, end of year	**21,746,064**	23,272,738

Supplementary cash flow information (Note 14)

See accompanying notes to the consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

Basis of consolidation

The consolidated financial statements include all the accounts of the City of St. John's (the "City"), St. John's Transportation Commission and St. John's Sports & Entertainment Ltd., which are wholly-owned and operated by the City. Any inter-company transactions have been eliminated on consolidation. Any internal revenue and expenses for the City's Urban Living Non-Profit Housing Fund, Regional Fire Department, Regional Waste Water System, Robin Hood Bay Regional Waste Management Facility, and Regional Water Supply System have also been eliminated on consolidation.

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured. Property tax billings are prepared by the City based on the assessed values of the respective property. The tax rates are approved annually by Council.

Government grants and transfers are recognized as revenue in the financial period in which events give rise to the transfer occurring, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amount can be determined.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks (net of overdrafts) and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Inventories

Inventories of material and supplies are carried at the lower of cost and net realizable value.

Investments in rental housing projects

Investments in rental housing projects are recorded at cost.

Short-term investments

Short-term investments are recorded at cost plus accumulated interest.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	45 years
Vehicles	
Transit buses	7-12 years
Vehicles	7-20 years
Computer hardware and software	5 years
Other	
Machinery and equipment	15-20 years
Water and waste plants and networks	
Underground networks	75 years
Sewage treatment plants and lift stations	45 years
Water pumping stations and reservoirs	45 years
Flood stations and other infrastructure	45 years
Transportation	
Roads	35 years
Bridges and structures	50 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contribution of tangible capital assets

Contributions of tangible capital assets are recorded at fair value at the date of receipt. The contribution is recorded as revenue.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense.

Bond discounts

Bond discounts are amortized and expensed over the term of the related bond issue.

Assessments

Assessments for water and sewer installations and street improvements are recorded on an accrual basis.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Portfolio investments (Sinking funds)

Sinking funds established for the retirement of debentures are held and administered by a third party and accounted for in the City's records on an accrual basis.

Reserve for snow and ice management

The City has established a snow and ice management reserve, to a maximum of $2,000,000, to accumulate funds to be used in years of severe winter conditions.

Reserve for Civic Centre financing

The City has established a Civic Centre financing reserve to accumulate its share of revenue received from the accommodations' tax. The accommodations' tax, which was legislated effective January 1, 1999, represents a three percent room levy on all fixed roof accommodations in the City of St. John's. The funds in the reserve are used to reduce the debt related to the construction of the St. John's Convention Centre and to pay for capital improvements for the facility.

Solid waste landfill closure and post-closure costs

The liability for closure and post-closure care of the City's Robin Hood Bay landfill is recognized as the landfill site's capacity is used. Closure costs are included in annual operating costs as each section of the landfill site is filled and placed out of service. The present value of the estimated annual post-closure costs is being accrued over the remaining life of the landfill site.

Severance pay

The City accounts for severance pay on the accrual basis and the amount is calculated based upon accumulated unused sick leave or on years of service. The amount is payable when the employee ceases employment with the City.

Accrued pension benefits

The cost and obligation of pension benefits, earned by employees and members of Council, are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions of future investment returns for funded plans, salary changes and retirement ages of employees. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The discount rate used for determining the benefit obligation is the expected rate of return on plan assets or the City's cost of borrowing.

Past service costs resulting from plan amendments are recognized at the date of amendment.

The excess of the net actuarial gain (loss) is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee plan is 15 years and 3 years for the Mayor and Councillors' plan.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee future benefits

The City provides post retirement benefits in the form of extended life and health coverage to employees. The cost and obligations of these benefits earned by employees are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions and future claim rates and costs. There is no requirement to fund these future obligations on a current basis.

Use of estimates

In preparing the City's financial statements in conformity with PSAS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

	As previously reported	Pension adjustment	Capital asset adjustment	As restated
	$	$	$	$
Statement of Operations and Accumulated Surplus				
Expenditure (Schedule 6)				
General government services				
Employee future benefits	10,243,036	3,083,721	-	13,326,757
Amortization and allowances				
Amortization	28,324,919	-	146,301	28,471,220
Excess of revenue over expenditure	44,253,925	(3,083,721)	(146,301)	41,023,903
Accumulated surplus, begin of year	664,404,164	-	2,706,561	667,110,725
Accumulated surplus, end of year	708,658,088	(3,083,721)	2,560,261	708,134,628
Statement of Financial Position				
Liabilities				
Employee benefits (Note 8)	129,803,919	3,083,721	-	132,887,640
Net Debt	322,045,831	3,083,721	-	325,129,552
Non-financial assets				
Tangible capital assets (Note 6)	1,026,698,970	-	2,560,261	1,029,259,231
Accumulated surplus, end of year	708,658,088	(3,083,721)	2,560,261	708,134,628
Statement of Changes in Net Debt				
Excess of revenue over expenditure	44,253,925	(3,083,721)	(146,301)	41,023,903
Changes in tangible capital assets				
Amortization of tangible capital assets	28,324,919	-	146,301	28,471,220
Net debt, end of year	322,045,831	3,083,721	-	325,129,552
Statement of Cash Flows				
Excess of revenue over expenditure	44,253,925	(3,083,721)	(146,301)	41,023,903
Amortization of tangible capital assets	28,324,919	-	146,301	28,471,220
Employee benefits	10,329,421	3,083,721	-	13,413,142

2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (Continued)

Pension adjustment - The December 31, 2011 figures have been restated to reflect the results of the triennial actuarial valuation for the City employee pension plan as of December 31, 2012. The valuation resulted in a change in the opening pension liability as at January 1, 2010, carried forward to December 31, 2011.

Capital asset adjustment - The December 31, 2011 figures have been restated to include the capital assets of the Newfoundland Railway Coastal Museum Foundation Inc. (the "Foundation"). The Foundation came under the control of the City in 2004 and its operations since that time have been consolidated with the City's financial statements, however, the tangible capital assets of the Foundation were previously not included in the City's consolidated financial statements. This has now been corrected with the figures reflecting accumulated amortization from 2004 to December 31, 2011.

3. CASH AND CASH EQUIVALENTS

	2012	2011
	$	$
Cash and cash equivalents	**11,726,962**	10,890,245
Restricted cash deposits:		
Accommodation tax	**663,788**	717,826
Public Transit Fund	**187,790**	4,399,020
Robin Hood Bay post closure costs (Note 17)	**4,673,914**	3,622,775
Robin Hood Bay equipment replacement	**1,850,017**	1,417,902
Convention Centre Equipment replacement	**605,868**	300,000
Northeast Avalon Regional Plan	**321,829**	329,833
Advance payments from developers	**311,146**	421,482
Urban living non-profit housing:		
Tenants' security deposits	**106,224**	104,419
Replacement reserve fund	**1,298,526**	1,069,236
	21,746,064	23,272,738

The Public Transit Fund consists of funds that have been received in advance of expenditure under the Federal Provincial Public Transit funding agreement signed October 23, 2007. The funds are being used to construct a modern transit depot.

The City has agreements with Canada Mortgage and Housing Corporation ("CMHC") and Newfoundland and Labrador Housing Corporation ("NLHC") which stipulate that cash be set aside for a replacement reserve fund.

4. ACCOUNTS RECEIVABLE - CURRENT

	2012	2011
	$	$
Taxes	**7,174,085**	6,322,672
Other governments	**21,635,612**	19,434,694
Other	**10,276,651**	11,334,174
	39,086,348	37,091,540

5. ACCOUNTS RECEIVABLE - LONG-TERM

The Government of Canada, through CMHC, has agreed to pay grants to the City as a share of Rennies River trunk sewer and Mundy Pond neighbourhood improvement program. The Province of Newfoundland and Labrador has agreed to pay grants to the City as a share of water and sewer, street paving and reconstruction, and recreational facilities programs. These grants are payable by annual instalments and have maturity dates to December, 2026.

	2012	2011
	$	$
Government of Canada		
Rennies River trunk sewer	**266,745**	322,977
Government of Newfoundland and Labrador		
Water and sewer projects	**27,054,338**	30,580,049
Civic Centre	**7,326,237**	8,835,267
	34,380,575	39,415,316
Other		
Federation of Canadian Municipalities - interest grant	**360,480**	600,800
Civic assessments	**1,198,706**	1,315,679
	1,559,186	1,916,479
	36,206,506	41,654,772

The Federal and Provincial government's share of cost shared loans is recorded in the accounts of the City as debt charges recoverable. For the next five years and thereafter the amounts are as follows:

5. ACCOUNTS RECEIVABLE - LONG-TERM (Continued)

	Federal	Provincial	Total
	$	$	$
2013	62,089	5,349,874	5,411,963
2014	68,556	5,522,381	5,590,937
2015	75,697	5,658,058	5,733,755
2016	28,765	5,705,813	5,734,578
2017	31,638	3,535,491	3,567,129
Thereafter	-	8,608,958	8,608,958

6. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2012	2011
	$	$
Land	**48,611,829**	48,495,786
Buildings and permanent improvements	**195,750,689**	198,365,608
Roads and underground networks	**591,478,778**	557,385,796
Equipment, vehicles and moveable plant	**101,612,165**	99,188,490
Fire department buildings and equipment	**13,879,991**	13,914,374
Urban living non-profit housing buildings	**19,233,894**	18,298,186
Work in process	**134,648,794**	93,610,991
	1,105,216,140	1,029,259,231

Additional information on cost of additions, disposals and amortization is presented in Schedule 1.

7. PAYABLES AND ACCRUALS

	2012	2011
	$	$
Trade	**43,940,929**	35,936,723
Deposits and prepayments	**18,171,856**	20,464,873
Accrued interest	**2,825,851**	2,935,433
Other governments	**247,742**	190,636
	65,186,378	59,527,665

8. EMPLOYEE BENEFITS

	2012	2011
	$	$ Re-stated (Note 2)
Employee future benefits (Note 12)	**101,460,579**	91,859,600
Accrued pension benefits (Note 11)	**28,755,702**	24,078,685
Retirement benefits	**11,942,293**	10,992,033
Severance pay	**5,579,111**	5,957,322
	147,737,685	132,887,640

9. DEBENTURE DEBT

	2012	2011
	$	$
Debenture debt outstanding (Schedule 2)	**275,500,000**	286,500,000
Less: debt charges recoverable from the Province of Newfoundland and Labrador (Schedule 2)	**26,449,786**	29,594,943
Less: portfolio investments (sinking funds) available (Schedule 2)	**77,277,098**	75,642,202
	171,773,116	181,262,855

The annual requirements over the next five years and thereafter relating to scheduled sinking funds less debt charges recoverable from the Province of Newfoundland and Labrador (the "Province") are as follows:

Year	Sinking Fund Requirements	Newfoundland and Labrador	Net Amount
	$	$	$
2013	6,962,500	(3,338,548)	3,623,952
2014	6,737,500	(3,544,033)	3,193,467
2015	6,737,500	(3,762,383)	2,975,117
2016	6,612,500	(3,660,375)	2,952,125
2017	6,612,500	(3,535,491)	3,077,009
Thereafter	61,306,250	(8,608,956)	52,697,294

10. LONG-TERM DEBT

	2012	2011
	$	$
Long-term debt (Schedule 3)	**14,499,945**	18,520,457
Mortgages - Urban living non-profit housing (Schedule 4)	**14,078,970**	15,392,657
St. John's Transportation Commission	**6,009,000**	3,534,000
	34,587,915	37,447,114
Less: debt charges recoverable (Schedule 3)	**(8,197,533)**	(10,143,351)
	26,390,382	27,303,763

Annual principal repayments over the next five years and thereafter relating to retirement of long-term debt are as follows:

Year	Long-term Debt	Non-Profit Housing Mortgages	St. John's Transportation Commission	Province of Newfoundland and Labrador Share	Net Amount
	$	$	$	$	$
2013	4,155,419	1,448,512	6,009,000	(2,073,416)	9,539,515
2014	4,128,524	1,483,488	-	(2,046,904)	3,565,108
2015	4,047,896	1,519,365	-	(1,971,372)	3,595,889
2016	2,103,861	1,556,174	-	(2,074,202)	1,585,833
2017	64,245	1,593,928	-	(31,639)	1,626,534
Thereafter	-	6,477,503	-	-	6,477,503

The Province's portion of cost shared loans is recorded in the accounts of the City as debt charges recoverable in accounts receivable.

Mortgages of the Urban Living Non-Profit Housing Fund are secured by specific rental properties situated in St. John's and an assignment of rental income.

11. ACCRUED PENSION BENEFITS

	2012	2011
	$	$
		Re-stated (Note 2)
City of St. John's - Employees	**25,361,700**	20,899,400
City of St. John's - Mayor and Councillors	**2,990,400**	2,884,900
St. John's Transportation Commission	**403,602**	294,385
	28,755,702	24,078,685

Pension plans

The City maintains a defined benefit plan which provides pension benefits to its employees. The City also maintains a supplementary retirement arrangement for the members of Council. Both plans provide benefits based on length of service and average earnings.

An actuarial valuation of the plans was completed as at December 31, 2012 for the Employees and the Mayor and Councillors. For the St. John's Transportation Commission plans the actuarial valuation was as of December 31, 2010 as described below.

11. ACCRUED PENSION BENEFITS (Continued)

	Employees	Mayor and Councilors	2012	2011
	$	$	$	$
Accrued benefit obligation				Restated (Note 2)
Balance, beginning of year	222,426,701	2,860,500	225,287,201	209,407,947
Current service cost	10,308,054	110,500	10,418,554	9,672,200
Interest cost	13,999,699	142,700	14,142,399	13,131,002
Benefits paid	(7,458,142)	(124,200)	(7,582,342)	(7,475,006)
Past services and Flexible Ancillary Benefit Account ("FABA") contributions	287,067	-	287,067	273,489
Actuarial loss (gain)	22,184,621	289,000	22,473,621	277,569
Balance, end of year	261,748,000	3,278,500	265,026,500	225,287,201
Plan assets				
Fair value, beginning of year	161,473,538	-	161,473,538	161,646,572
Return on plan assets	11,852,192	-	11,852,192	(3,338,880)
Benefits paid	(7,458,142)	-	(7,458,142)	(7,351,906)
City contributions to plan	8,513,490	-	8,513,490	5,717,065
Past services and FABA contributions	287,067	-	287,067	273,489
Employee contributions to plan	4,581,357	-	4,581,357	4,527,198
Fair value, end of year	179,249,502	-	179,249,502	161,473,538
Funded status - deficit	(82,498,498)	(3,278,500)	(85,776,998)	(63,813,663)
Unamortized amounts	57,136,798	288,100	57,424,898	40,029,363
Accrued benefit liability	(25,361,700)	(2,990,400)	(28,352,100)	(23,784,300)
Significant assumptions used				
Discount rate	5.75%	4.70%		
Expected long-term rate of return on plan asset:	5.75%	-		
Rate of compensation increase	3.00%	3.25%		
Average remaining service period of active employees	15 years	3 years		
Net benefit expense for the year				
Current service cost	10,308,054	110,500	10,418,554	9,672,200
Interest cost	13,999,699	142,700	14,142,399	13,131,002
Amortization of (gains) losses	3,526,600	(23,500)	3,503,100	2,563,100
Employee contributions	(4,581,357)	-	(4,581,357)	(4,527,198)
Expected return on plan assets	(10,277,200)	-	(10,277,200)	(10,201,800)
Net benefit expense	12,975,796	229,700	13,205,496	10,637,304

11. ACCRUED PENSION BENEFITS (Continued)

St. John's Transportation Commission ("Commission")

Defined benefit pension plans

The Commission maintains two defined benefit plans which provide pension benefits to its union and non-union employees. The plans provide benefits based on length of service and average earnings.

Based on an actuarial valuation of the plans completed as at December 31, 2010, the following results have been extrapolated to December 31, 2012:

	2012	2011
	$	$
Accrued benefit obligation		
Balance, beginning of year	**33,818,428**	30,540,996
Current service cost	**1,392,636**	1,162,539
Interest cost	**1,994,197**	1,887,676
Benefits paid	**(1,715,617)**	(1,144,292)
Participant contributions	**29,235**	21,695
Loss on accrued benefit obligation	**1,318,761**	1,349,814
Balance, end of year	**36,837,640**	33,818,428
Plan assets		
Fair value, beginning of year	**25,957,890**	27,656,450
Return on plan assets	**2,360,661**	(2,264,494)
Benefits paid	**(1,715,617)**	(1,144,292)
Employer contributions to plan	**1,659,155**	1,273,385
Employee contributions to plan	**623,712**	436,841
Fair value, end of year	**28,885,801**	25,957,890
Funded status (deficit)	**(7,951,839)**	(7,860,538)
Unamortized amounts	**7,548,237**	7,566,153
Accrued benefit liability	**(403,602)**	(294,385)
Significant assumptions used		
Discount rate	**5.75%**	6.00%
Expected long-term rate of return on plan assets	**6.00%**	6.25%
Rate of compensation increase	**3.50%**	3.50%
Average remaining service period of active employees	**16.3 years**	16.3 years

11. ACCRUED PENSION BENEFITS (Continued)

	2012	2011
	$	$
Net benefit expense for the year		
Current service cost	**1,392,636**	1,162,539
Interest cost	**1,994,197**	1,887,676
Amortization of losses	**531,078**	183,089
Liability increase due to flexible contributions	**29,235**	21,695
Employee contributions	**(623,712)**	(436,841)
Expected return on plan assets	**(1,555,062)**	(1,725,463)
Net benefit expense	**1,768,372**	1,092,695

12. EMPLOYEE FUTURE BENEFITS

Both the City and the Commission provide post-retirement health and life benefits to their retired employees. The actuarial valuation of the plan was completed as at December 31, 2012 for the City and for the Commission as at December 31, 2010 extrapolated to December 31, 2012 is presented below.

	2012			2011
	City	Commission	Total	Total
	$	$	$	$
Accrued benefit obligation				
Balance, beginning of year	**94,498,500**	**7,866,172**	**102,364,672**	96,061,553
Current service cost	**3,697,400**	**293,251**	**3,990,651**	3,746,125
Interest cost	**4,766,100**	**408,738**	**5,174,838**	4,872,043
Estimated claims and expenses	**(2,049,800)**	**(220,359)**	**(2,270,159)**	(2,200,578)
Impact of plan amendents	**-**	**982,998**	**982,998**	-
Gain(loss) on benefits obligation	**17,354,200**	**-**	**17,354,200**	(114,471)
Balance, end of year	**118,266,400**	**9,330,800**	**127,597,200**	102,364,672
Funded status - deficit	**118,266,400**	**9,330,800**	**127,597,200**	102,364,672
Unamortized amounts	**(25,110,900)**	**(1,025,721)**	**(26,136,621)**	(10,505,072)
Accrued benefit liability	**93,155,500**	**8,305,079**	**101,460,579**	91,859,600

12. EMPLOYEE FUTURE BENEFITS (Continued)

	2012			2011
	City	Commission	Total	Total
Significant assumptions used				
Discount rate	4.70%	4.60%		
Average remaining service period of active employees	12 years	14.8 years		
	$	$	$	$
Net benefit expense for the year				
Current service cost	3,697,400	293,251	3,990,651	3,746,125
Amortization of actuarial gains/losses	1,607,900	114,751	1,722,651	1,730,386
Interest cost	4,766,100	408,738	5,174,838	4,872,043
Net benefit expense	10,071,400	816,740	10,888,140	10,348,554

13. ACCUMULATED SURPLUS

	2012	Re-stated 2011
	$	$
Accumulated surplus, beginning of year	708,134,628	667,110,725
Excess of revenues over expenditures	52,390,236	41,023,903
Accumulated surplus, end of year	760,524,864	708,134,628
Appropriated surplus		
Sinking fund - reserve for retirement of debentures	77,277,098	75,642,202
Reserve for Shoal Bay treatment plant	313,720	268,900
Reserve for landfill capital improvements	7,863,587	7,863,587
Urban living non-profit housing - replacement reserve	1,298,526	1,069,236
Reserve for snow and ice management	2,000,000	2,000,000
Reserve for salt savings	1,096,591	1,372,746
Reserve for Civic Centre financing	2,785,047	2,213,772
Reserve for capital	6,882,740	3,392,083
Reserve for employee benefits stabilization fund	1,940,304	1,919,992
Reserve for Robin Hood Bay equipment replacement	1,850,017	1,417,902
Reserve for Robin Hood Bay post-closure costs (Note 17)	4,673,914	3,622,775
	107,981,544	100,783,195
Unappropriated surplus	652,543,320	607,351,433
	760,524,864	708,134,628

14. SUPPLEMENTARY CASH FLOW INFORMATION

	2012	2011
	$	$
Changes in other balances:		
Accounts receivable	**(1,994,808)**	2,441,601
Inventory of materials and supplies	**(238,780)**	(59,466)
Prepaid expenditures	**(130,972)**	70,044
Payables and accruals	**5,658,713**	(3,478,815)
Deferred credits	**(240,320)**	(300,400)
	3,053,833	(1,327,036)

15. CREDIT FACILITIES

The City has the following credit facilities available to meet its short-term financing needs:

- Demand facilities with the Royal Bank totalling $14,500,000 (2011 - $14,500,000), bearing interest an advances at Royal Bank prime rate minus 0.5% (2011 – Royal Bank prime rate minus 0.5%). Drawings on the facility at December 31, 2012 were $Nil (2011 - $Nil)

- Demand facilities with the Royal Bank totalling $49,560,000 for the purpose of capital financing (2011 -$49,560,000), bearing interest on advances at Royal Bank prime rate minus 0.75% (2011 – Royal Bank prime rate minus 0.75%). Drawings on this facility at December 31, 2012 were $Nil (2011 - $Nil).

- Line of credit in the amount of $15,000,000 (2011 - $15,000,000), bearing interest on advances at 2.2% (2011 – Royal Bank prime rate minus 0.60%), of which $6,009,000 (2011 - $3,534,000) was used as at December 31, 2012, and maturing January 27, 2013 and subsequently renewed with an interest rate of 2.2% maturing December 30, 2013.

16. CONTINGENCIES AND COMMITMENTS

Expropriation and other claims

The City has received notices of claims totalling approximately $1,352,372 (2011 - $2,194,796). No provision has been made for these claims either because the City is not expected to incur any significant liability, or because an estimate of loss, if any, is not determinable at this time.

The Commission is contingently liable for claims below $50,000 which are not covered under its current insurance policy.

16. CONTINGENCIES AND COMMITMENTS (Continued)

Lease commitments

Under the terms of long-term operating leases on equipment, the City is required to make annual lease payments for the next five years and to maturity as follows:

2013	2,567,484
2014	1,641,608
2015	1,591,439
2016	1,337,407
2017	877,767
Thereafter	3,871,614

Greenbelt Tennis Club

The City has guaranteed a loan of $150,000 for the replacement of an air supported structure.

Parking Space Leases

The City has signed two agreements with developers for the lease of parking spaces in properties currently under construction. The first lease term is 75 years and calls for a capital contribution by the City of $3,348,000. The second is for a term of 50 years and calls for a capital contribution by the City of $5,104,166.67. Both capital contributions are due in full once the City has approved the parking spaces as available for use.

17. ROBIN HOOD BAY CLOSURE AND POST-CLOSURE COSTS

The liability for closure and post-closure care of the Robin Hood Bay landfill is recognized as the landfill site's capacity is used. Closure costs include the final cover and landscaping while post-closure costs include cap maintenance, groundwater and leachate monitoring, continued gas management operations, inspections and annual reports. The liability recognized in the consolidated financial statement is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgement. Amounts could materially change in the long-term.

Estimated closure and post-closure costs over the next 36 years	$47,000,000
Discount rate	5%
Discounted cost	$7,728,475
Expected year capacity will be reached	2049
Percent utilized	10%
Liability based on the percentage utilized	$811,490

17. ROBIN HOOD BAY CLOSURE AND POST-CLOSURE COSTS (Continued)

The tipping fees charged by the City to all users, including the City itself, other municipalities and commercial users include a provision for closure and post-closure costs which is contributed to an interest-bearing reserve to accumulate the funds that will be required at each closure and post-closure phase. The balance in the reserve at December 31, 2012 was $4,673,914 (2011 - $3,622,775).

CITY OF ST. JOHN'S

Schedule 1

Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2012

	Land	Buildings & Permanent Improvements	Roads & Underground Networks	Equipment, Vehicles & Moveable Plant	Fire Department Buildings & Equipment	Work in Process	Urban Living Non-profit Housing Buildings	2012 Totals
	$	$	$	$	$	$	$	$
Cost								
Balance, beginning of year (restated)	48,495,786	253,643,555	714,753,064	165,785,982	21,285,764	93,610,991	33,900,931	1,331,476,073
Add: Additions during the year	116,043	3,922,236	46,729,158	12,968,709	342,950	89,885,236	1,946,661	155,910,993
Less: Disposals during the year	-	-	-	(5,903,202)	(139,132)	-	-	(6,042,334)
Adjustments	-	-	-	-	-	(48,847,433)	-	(48,847,433)
Balance, end of year	48,611,829	257,565,791	761,482,222	172,851,489	21,489,582	134,648,794	35,847,592	1,432,497,299
Accumulated amortization								
Balance, beginning of year (restated)	-	55,277,947	157,367,267	67,046,624	6,922,257	-	15,602,745	302,216,840
Add: Additions during the year	-	6,537,155	12,636,177	10,004,088	826,431	-	1,010,953	31,014,804
Less: Disposals during the year	-	-	-	(5,811,388)	(139,097)	-	-	(5,950,485)
Balance, end of year	-	61,815,102	170,003,444	71,239,324	7,609,591	-	16,613,698	327,281,159
Net book value of tangible capital assets	48,611,829	195,750,689	591,478,778	101,612,165	13,879,991	134,648,794	19,233,894	1,105,216,140

CITY OF ST. JOHN'S

Schedule 2

Consolidated Schedule of Debenture Debt

December 31, 2012

			2012			2011	
Date of Maturity	Interest Rate	Amount Issued	**Amount Outstanding**	**Sinking Funds Available**	**Sinking Fund Requirement in 2013**	Sinking Funds Available	Sinking Fund Requirement in 2012
		$	$	$	$	$	$
Nov. 2011	6.150%	9,012,000	-	-	-	86,121	-
June 2012	10.875%	14,000,000	-	-	-	11,788,419	175,000
Sept. 2013	9.160%	9,000,000	**6,000,000**	**6,979,069**	**225,000**	6,153,534	225,000
Oct. 2015	9.400%	5,000,000	**5,000,000**	**4,458,809**	**125,000**	4,102,075	125,000
Dec. 2020	6.840%	7,000,000	**7,000,000**	**4,277,799**	**175,000**	3,869,864	175,000
Dec. 2021	7.380%	15,000,000	**15,000,000**	**7,940,460**	**375,000**	6,954,785	375,000
Apr. 2022	7.250%	16,500,000	**16,500,000**	**6,241,089**	**412,500**	5,403,696	412,500
Feb. 2023	6.680%	11,000,000	**11,000,000**	**5,217,834**	**275,000**	4,509,044	275,000
Feb. 2024	6.162%	25,000,000	**25,000,000**	**9,111,169**	**625,000**	7,786,047	625,000
June 2025	5.534%	18,000,000	**18,000,000**	**5,774,947**	**450,000**	4,844,554	450,000
Mar. 2026	5.300%	25,000,000	**25,000,000**	**6,311,871**	**625,000**	5,178,865	625,000
Dec. 2026	4.975%	35,000,000	**35,000,000**	**13,533,657**	**875,000**	11,864,078	875,000
Dec. 2027	5.400%	15,000,000	**15,000,000**	**2,180,997**	**375,000**	1,686,676	375,000
Nov. 2029	5.539%	27,000,000	**27,000,000**	**2,213,010**	**675,000**	1,414,444	675,000
Aug. 2031	4.622%	70,000,000	**70,000,000**	**3,036,387**	**1,750,000**	-	1,750,000
		301,512,000	**275,500,000**	**77,277,098**	**6,962,500**	75,642,202	7,137,500

For the debenture debt that matures in 2021, 2023, 2024, 2025, and 2026, there are debt recoverable charges from the Province of Newfoundland and Labrador of $2,028,097, $3,589,805, $5,788,965, $5,272,281 and $9,770,638 respectively, for a total of $26,449,786.

CITY OF ST. JOHN'S

Schedule 3

Consolidated Schedule of Long-Term Debt

December 31, 2012

				2012		2011	
	Date of Maturity	Interest Rate	Amount Issued	**Amount Outstanding**	**Principal Requirement in 2013**	Amount Outstanding	Principal Requirement in 2012
			$	$	$	$	$
Canada Mortgage and Housing Corporation							
Virginia Park trunk sewer	Apr. 2013	7.500%	104,408	**7,822**	**7,822**	15,089	7,267
Virginia Park trunk sewer	Mar. 2014	7.875%	157,908	**23,681**	**11,383**	34,2 8	10,537
Rennies River trunk sewer	Oct. 2015	10.375%	1,011,991	**269,584**	**80,940**	342,738	73,154
Rennies River trunk sewer	Oct. 2017	9.750%	681,350	**263,906**	**43,238**	303,217	39,311
Wedgewood Park water and sewer	Jan. 2017	7.875%	12,410	**4,165**	**710**	4,822	657
Federation of Canadian Municipalities							
Harbour Sewage Treatment Plant	Aug. 2015	2.450%	15,000,000	**4,500,000**	**1,500,000**	6,000,000	1,500,000
Harbour Sewage Treatment Plant	Dec. 2015	2.660%	5,000,000	**1,500,000**	**500,000**	2,000,000	500,000
Newfoundland Municipal Financing Corporation							
Higgins Line 1997	June 2013	7.375%	484,764	**26,020**	**26,020**	75,319	49,298
1997 Harbour Cleanup	Jan. 2014	7.500%	1,464,499	**229,033**	**149,861**	368,256	139,224
2001 Harbour Cleanup	Feb. 2014	7.500%	1,448,983	**226,606**	**148,274**	364,355	137,749
Higgins Line 2001	Dec. 2014	8.375%	574,858	**122,891**	**58,926**	177,176	54,285
Mile One Stadium	Sept. 2016	7.750%	19,006,737	**7,326,237**	**1,628,245**	8,835,267	1,509,029
			44,947,908	**14,499,945**	**4,155,419**	18,520,457	4,020,511

For the long-term debt that matures from 2012 to 2016, there are debt recoverable charges from the Province of Newfoundland and Labrador of $7,930,788 and a debt recoverable charges from the Government of Canada of $266,745, for a total of $8,197,533.

CITY OF ST. JOHN'S

Schedule 4

Consolidated Schedule of Mortgages - Urban Living Non-Profit Housing

December 31, 2012

				2012	2011
	Date of Maturity	Interest Rate	Amount Issued	**Amount Outstanding**	Amount Outstanding
			$	**$**	$
Newfoundland & Labrador Housing Corporation					
Hamlyn Road	Aug. 1, 2022	2.140%	2,207,290	**1,057,125**	1,154,549
Infill 1987	Apr. 1, 2023	2.140%	2,070,285	**1,048,293**	1,138,008
Gear Street - Infill 1988	Sept. 1, 2025	2.140%	1,929,560	**1,129,823**	1,206,117
Brookfield Road	Dec. 1, 2025	2.140%	2,203,600	**1,300,825**	1,386,738
Cochrane Street	Nov. 1, 2027	4.630%	745,887	**472,799**	400,711
Infill 1990	Nov. 1, 2026	1.640%	1,628,008	**968,962**	1,030,482
Campbell Avenue	Feb. 1, 2028	3.900%	968,952	**631,354**	661,382
Infill 1992	Dec. 1, 2028	2.140%	1,682,553	**965,012**	1,015,085
Canada Mortgage and Housing Corporation					
Forest Road	Jan. 1, 2018	3.900%	1,647,890	**499,806**	587,078
Cuckholds Cove Road	Apr. 1, 2018	3.160%	804,200	**248,878**	291,078
Infill 1982	July 1, 2018	3.090%	651,550	**212,574**	246,948
Rawlins Cross	Dec. 1, 2018	2.860%	1,249,485	**429,660**	494,428
Hamilton Avenue - Riverhead Towers	Feb. 1, 2019	1.810%	3,736,230	**1,266,430**	1,458,837
Fahey's Row - Infill 1983	May 1, 2019	2.610%	962,163	**363,580**	414,987
Alexander Street - Hamilton Avenue	June 1, 2019	2.610%	1,920,998	**730,520**	832,371
Carnell Street - Larkin Square	Jan. 1, 2020	2.650%	1,910,065	**787,398**	887,202
Carter's Hill	Jan. 1, 2020	2.760%	1,406,630	**587,805**	661,962
Infill 1985	Apr. 1, 2021	2.260%	880,530	**408,604**	452,684
Carter's Hill - Sebastian Court	Aug. 1, 2021	1.800%	2,031,175	**969,522**	1,072,010
			30,637,051	**14,078,970**	15,392,657
Current portion				**1,448,512**	1,313,687

Mortgages are secured by specific rental properties situated in St. John's and assignment of rental income.

CITY OF ST. JOHN'S

Schedule 5

Consolidated Schedule of Revenues

Year ended December 31, 2012

	2012	2011
	$	$
Taxation		
Real property	**100,914,911**	98,329,698
Water	**30,382,816**	28,220,000
Business	**24,562,172**	25,342,298
Utility	**6,781,688**	6,363,032
Accommodation	**2,329,107**	2,281,679
	164,970,694	160,536,707
Grants in lieu of taxes		
Government of Canada	**1,542,080**	1,573,554
Government of Canada agencies	**522,151**	536,505
Water tax grant	**2,155,620**	2,033,341
Government of Newfoundland and Labrador agencies	**108,914**	101,185
	4,328,765	4,244,585
Grants and transfers		
Government of Canada		
Capital grant	**2,884,289**	-
St. John's Transportation Commission	**8,640**	28,465
Gas tax rebate	**4,182,852**	4,182,852
Government of Newfoundland and Labrador		
Municipal operating grant	**3,411,427**	3,411,427
Municipal capital grant	**30,048,194**	36,682,024
Capital Grant - Non-Profit Housing	**3,103,709**	890,488
Recovery of debt charges	**2,444,783**	2,770,890
Rental housing projects	**1,196,657**	1,202,308
City of Mount Pearl and Town of Paradise		
Capital contribution	**366,886**	70,789
City of Mount Pearl public transit contribution	**812,590**	698,969
Capital contribution from Developers	**14,329,871**	5,950,103
Other capital grants	**248,264**	148,982
Real Program Grants / ACOA	**635,960**	978,678
	63,674,122	57,015,975
Sales of goods and services		
Environmental health services		
Water sales - commercial and shipping	**5,407,769**	5,358,935
Tipping fees	**10,418,998**	10,109,381
Recycling materials	**682,658**	629,539
Regional Fire recovery	**5,275,269**	5,481,016

CITY OF ST. JOHN'S

Schedule 5 (continued)

Consolidated Schedule of Revenues

Year ended December 31, 2012

	2012	2011
	$	$
Sales of goods and services (continued)		
Environmental health services (continued)		
Regional Water recovery	**4,175,061**	3,299,858
Regional Waste Water recovery	**337,546**	228,660
Other	**224,588**	193,575
General government services	**1,111,801**	655,298
Transportation services		
Parking meters	**1,668,034**	1,695,879
Parking permits	**248,614**	249,374
Other	**19,466**	21,154
Third party charges	**243,971**	468,539
Sale of land	**172,316**	373,969
Gain on disposal of equipment	**90,331**	36,390
Recreation, parks and tourism	**1,468,760**	1,411,748
St. John's Sports & Entertainment Ltd.	**8,695,731**	6,848,770
Railway Coastal Museum	**122,357**	296,843
Other general services	**1,798,238**	1,259,100
	42,161,508	38,618,028
Other revenue from own sources		
Interest on tax arrears	**2,028,406**	1,858,717
Interest earned on portfolio investments	**4,239,135**	3,542,292
Interest savings, Green Municipal Infrastructure Fund	**240,320**	300,400
Fines	**2,060,315**	1,769,345
Construction and other permits	**5,158,902**	3,423,803
Interest earned	**346,724**	649,505
Business and amusement licenses	**158,631**	148,288
Rents, concessions and franchises	**51,386**	57,341
Apartment rentals	**2,860,678**	2,737,267
St. John's Transportation Commission		
Passenger fares	**5,699,668**	4,656,393
Charters	**82,074**	97,664
Transit advertising	**246,194**	278,927
Sundry	**83,812**	79,690
Civic assessments	**185,527**	180,023
Sub - division assessments	**342,131**	366,063
	23,783,903	20,145,718
Total revenue	**298,918,992**	280,561,013

CITY OF ST. JOHN'S

Schedule 6

Consolidated Schedule of Expenditures

Year ended December 31, 2012

	2012	2011
	$	$ (Restated Note 2)
General government services		
Legislative	**808,234**	813,213
General government	**20,457,663**	18,892,508
Engineering services	**5,285,061**	6,947,101
Pensions and employee benefits	**4,443,037**	1,922,600
Employee future benefits	**13,917,872**	13,326,757
Other general government	**504,334**	578,596
	45,416,201	42,480,775
Fiscal services		
Debenture debt charges		
Interest	**16,189,885**	15,373,563
Amortization	**7,281**	12,420
Long-term debt interest	**1,218,729**	1,478,776
Non-Profit Housing mortgage interest	**447,441**	435,882
St. John's Transportation Commission interest	**138,069**	90,246
Interest on temporary bank loans	**8,396**	804,831
Other debt charges	**71,044**	357,655
	18,080,845	18,553,373
Transportation services		
Road transport		
Administration	**3,092,214**	3,009,697
Fleet services	**781,482**	746,822
Snow clearing	**13,027,006**	13,503,047
Streets, roads and sidewalks	**5,695,670**	5,378,075
Maintenance depot	**1,750,046**	1,689,140
Traffic services	**1,710,882**	1,321,152
Street cleaning	**184,476**	165,326
Street lighting	**3,968,285**	3,883,473
St. John's Transportation Commission	**17,580,444**	14,633,201
St. John's Para-Transit System	**2,078,879**	2,047,182
Parking meters	**67,519**	85,644
	49,936,903	46,462,759

CITY OF ST. JOHN'S

Schedule 6 (continued)

Consolidated Schedule of Expenditures

Year ended December 31, 2012

	2012	2011
	$	$ (Restated Note 2)
Protective services		
Fire protection	**22,271,891**	23,528,729
Protective inspections	**3,872,274**	3,565,791
Traffic enforcement	**2,340,344**	2,257,096
Animal and pest control	**1,117,325**	1,091,652
	29,601,834	30,443,268
Environmental health services		
Water supply and distribution	**13,470,821**	13,427,106
Regional Water system	**4,814,655**	4,530,981
Regional Waste Water system	**2,916,370**	2,563,708
Regional Robin Hood Bay landfill	**11,900,818**	11,756,746
Garbage, waste collection and disposal	**4,025,178**	3,890,991
Sewage collection and disposal	**491,955**	532,704
	37,619,797	36,702,236
Recreation and cultural services		
Parks and open spaces	**8,212,378**	9,637,004
Recreation	**7,202,846**	8,976,976
St. John's Sports & Entertainment Ltd.	**9,018,989**	7,399,417
Railway Coastal Museum	**402,297**	416,144
Destination St. John's	**1,087,497**	984,159
Other recreation and cultural services	**2,350,676**	1,713,904
	28,274,683	29,127,604
Environmental development services		
Environmental planning and zoning	**1,184,651**	1,142,482
Housing and real estate	**2,201,012**	2,222,049
Other environmental development services	**1,984,882**	2,003,855
	5,370,545	5,368,386
Amortization and allowances		
Allowance for uncollectible accounts	**1,139,700**	1,896,953
Allowance for obsolete inventory	**73,444**	30,536
Amortization	**31,014,804**	28,471,220
	32,227,948	30,398,709
Total expenditures	**246,528,756**	239,537,110